

CLAIMS

What is claimed is:

1. A method of providing insurance coverage as a security deposit guarantee, comprising the steps of:
 - establishing a contractual agreement between a property manager on behalf of a lessee to insure a leased apartment and said insurer ready to insure against losses caused by a lessee which exceed a certain percentage of a gross premium charge; and
 - providing a policy of indemnity insurance sufficient to compensate for said possible losses.
2. The method of claim 1, wherein said property manager submits an application form to an insurer regarding said leased apartment.
3. The method of claim 1, wherein said application form is created by said insurer.
4. The method of claim 1, wherein said submitting step is carried out by said property manager.
5. The method of claim 1, wherein said insurer evaluates whether to agree to the transfer of a proposed risk using an insurance underwriter.
6. The method of claim 1, wherein said insurer communicates information regarding said proposed risk to said insurance underwriter.
7. The method of claim 1, wherein said property manager receives a binding commitment from said insurer regarding the acceptance of said proposed risk.

8. The method of claim 1, wherein said insurance underwriter determines a quote of a particular monetary amount forming the basis of said gross premium charge to be collected and managed by said property manager.
9. The method of claim 1, wherein said property manager supplies a letter of credit (LOC) to said insurance underwriter in an amount specified by said insurance underwriter.
10. The method of claim 1, wherein said proposed risk relates to said leased apartment.
11. The method of claim 1, wherein said insurer assures payment to said property manager, if said losses occur.
12. A method of providing insurance coverage as a security deposit guarantee, comprising the steps of:
 - executing an agreement for a leased apartment by a lessor and lessee directing payment of periodic lease payments to a property manager;
 - collecting said periodic lease payments from said lessee according to said agreement; and
 - removing a gross premium charge from said periodic lease payments.
13. The method of claim 12, wherein said agreement incorporates terms required by an insurance underwriter.
14. The method of claim 12, wherein said insurance underwriter reviews and approves said agreement.
15. The method of claim 12, wherein said collecting and removing steps are performed by said property manager.
16. The method of claim 12, wherein said property manager preferably deposits said periodic lease payments received into an account held by said lessor.
17. The method of claim 12, wherein the duration of said agreement is one year.

18. The method of claim 12, wherein the directing step is performed on a monthly basis.
19. The method of claim 12, wherein proceeds from said gross premium charge are distributed according to:
- a guaranteed flat fee of the total revenue collected is retained by said property manager;
 - a portion is placed into a fund administered by said property manager; and
 - a net premium is paid to said insurance underwriter.
20. The method of claim 19, wherein said insurer assures payment for losses which exceed a certain percentage of said gross premium charge when said property manager has exhausted both said fund and said guaranteed flat fee.
21. The method of claim 19, wherein said net premium is utilized by said insurance underwriter for fronting costs, reinsurance, third-party administrative costs, and broker fees.
22. The method of claim 19, wherein said net premium payment frequency is monthly.
23. The method of claim 1, further comprising:
- inspecting, measuring, and testing said leased apartment by said property manager in the event of a claim for damage;
 - determining whether said leased apartment meets management criteria established by said policy of indemnity insurance; and
 - computing and providing payment out of a fund for said claim by said property manager, in accordance with the terms of said policy of indemnity insurance.
24. The method of claim 23, wherein said property manager generates periodic management reports for the benefit of said insurance underwriter.

25. The method of claim 23, wherein said claim for damage arises from one or more selected from the group consisting of a default on periodic lease payments, damage to said leased apartment, and destruction of said leased apartment.

26. The method of claim 24, wherein said periodic management reports document gross and net premium charges and said payment from said fund.